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AICPA *Washington Report*

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AGRICULTURE, DEPARTMENT OF

Regulations governing the youth conservation corps programs under the joint administration of the Agriculture and Interior Departments were recently amended (see 4/11/75 Fed. Reg., p. 16316). The provisions of FMC 74-7 were incorporated by reference in the applicable sections on financial management and reporting.

COMMODITY FUTURES TRADING COMMISSION

Only four nominees to the new independent Commission have been confirmed by the Senate Agriculture Committee, but its Chairman, Wm. T. Bagley, has indicated that the legislation providing an extension of time for the CFTC to get officially organized will most likely be signed by the President. The extension to 7/21/75 will allow for the conversion to the new organization. While the new agency is officially in business, the legislated delay will postpone certain actions the CFTC must take to regulate commodity markets.

FEDERAL ENERGY ADMINISTRATION

The standby energy authorities bill cleared the Senate this past week, but not without another debate on the issue of an excess energy profits tax. The amendment was offered by Sen. Gravel (D-Alaska), and defeated 68-23. The bill (S. 622) which is directed at the conservation issue, specifically prohibits the States from using rationing or higher taxes as part of their programs to conserve fuel. The bill has been referred to the House for action, where there is no similar legislation pending. The House Ways and Means Committee and the Commerce Committee are working on their own energy conservation legislation, but these proposals, as S. 622, are not drawn along the lines of the original Administration proposal.

FEDERAL POWER COMMISSION

The comment period has been extended on the proposal to amend certain schedules of FPC Form Nos. 1 and 2 concerning the filing of additional information on non-utility affiliates (see 3/10/75 Wash. Report, p. 1). Comments are now being accepted until 6/9/75.

FEDERAL TRADE COMMISSION

The proposed FTC Form LB and related information to be used for the collection of line-of-business data for the 1974 reporting year is now available. In a notice published in the 4/16/75 Fed. Reg., p. 17081, the Commission announced that comments on the proposed form and material will be accepted until 5/16/75 and that an open hearing will be conducted 5/20/75. Copies of the proposed form and materials are available from the Office of the Line of Business Program, Division of Financial Statistics, FTC, Washington, D.C. 20580 (202/963-3521).

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

Willard Erwin, CPA, and Allan J. Weltman, CPA, have been added to the Advisory Panel on National Health Insurance, which is assisting the House Ways and Means Subcommittee on Health. This panel will assist the staff with

assessments of the various alternatives presented on this legislative issue.

A hearing on the procedures and resources used by HEW to detect and prevent fraud is scheduled before the Intergovernmental Relations and Human Resources Subcommittee of the House Government Operations Committee. The hearing will be held on 4/22/75 in Room 2247 of the Rayburn House Office Building. One of the issues to be covered is the adequacy of personnel and other resources utilized to combat fraud and program abuse. For further information, call 202/225-5051.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

HUD Handbook 3135.2, Model Cities Transition Procedures Handbook, covering procedures to be followed to complete Federal categorical grant assistance to comprehensive city demonstration programs provided under Title I of the Demonstration Cities and Metropolitan Development Act of 1966, is available. Copies may be obtained from HUD area and regional offices or by calling 202/755-6330.

Finalized regulations covering Section 8 Housing Assistance Payments Program - Housing Finance and Development Agencies were published in the 4/15/75 Fed. Reg., p. 16934. Contract terms applicable to participating developers and rehabilitators contain specific reference to financial audits by HUD, GAO or their representatives.

INTERSTATE COMMERCE COMMISSION

Proposed amendments to the uniform system of accounts for various modes of transportation under the jurisdiction of the Commission have been announced (Order No. 36125, 4/11/75). The purposes of the amendments are to provide more definitive criteria and accounting rules for extraordinary, unusual or infrequent, and prior period events and transactions, and to specify reporting requirements for disposal of a segment of a business. The Commission announced that the adoption of this proposal would further align their accounting rules with GAAP without interfering with their regulatory functions. Comments are to be filed by 5/19/75 and upon adoption, the amendments would be reflected in the books of accounts for the year beginning 1/1/75. Additional information may be obtained by calling 202/343-4141.

LABOR, DEPARTMENT OF

Oversight hearings on P.L. 93-406, the Employee Retirement Income Security Act of 1974, will be held on 4/29, 4/30 and 5/1/75. The hearings are being called by Chairman Dent (D-Pa.) of the House Subcommittee on Labor Standards, and will focus on Titles I, III and IV of the Act as well as any other matters which are directly related to those titles. For further information call 202/225-5494.

SECURITIES AND EXCHANGE COMMISSION

Alternative proposals regarding disclosure of interim results in financial statements have been issued (Rel. No. 33-5579, 4/17/75). In announcing the alternative proposals, the Commission noted the number of responses to its earlier proposal in Rel. No. 33-5549, 12/19/74, and the amount

of concern expressed on the potential added costs from increased involvement by a firm's auditors. The Commission explained that the earlier proposals are still being considered and are not withdrawn but that they are specifically seeking comments on the potential costs to registrants of these new alternatives. Comments are to be filed by 6/18/75.

In Rel. No. 34-11354, 4/17/75, the Commission also authorized public proceedings regarding the quarterly financial statement data and review thereof by accountants to begin at 10:00 a.m. on 6/2/75 and continue through 6/18/75. Written statements are to be filed prior to June 2nd and comments filed on Rel. 33-5579 must also be filed by that date to be considered during these hearings.

A proposed policy change which would require investment companies, including money market funds, to cease using an amortized cost method for establishing the value of short term debt instruments has been announced (Rel. No. IC-8757, 4/14/75). In place of amortization, the Commission would prefer either the "marking to market" method or an index procedure that relates the value of nonmarketable securities to similar securities for which a market exists. Comments are to be filed by 5/23/75.

The Senate passed its version of the omnibus securities reform bill last Friday. The bill (S. 249) is similar to HR 4111 which is now pending full House action. On passage, two significant amendments were added. One would set-up a new self-regulatory organization, the National Market System Council, to assume authority over the new national market system the bill sets up. The other amendment requires stock exchanges, brokerage firms, securities depositories, banks and others that transfer and clear securities to report all stolen securities to the SEC. Other provisions differing from the House measure include institutional disclosure requirements and municipal bond dealer regulation. The House is expected to take up their bill this week and proponents are looking forward to a Presidential signature by May 1st.

"Corporate social reporting is here and is increasing," concluded David F. Linowes, CPA, during the second day of hearings conducted by the SEC on disclosure of environmental and other socially significant matters. The hearings, which were mandated by a U.S. District Court last December, are to ascertain the extent of the SEC's authority to require such disclosure; whether such disclosure is material to an investor's concerns; the nature of the interest in requiring such information; and the impact of disclosure on a corporation's behavior. Three more days of hearings are scheduled this week with further hearing dates to be scheduled, as required, through May 14th. For additional information, contact William F. Bavinger (202/755-1387) or Daniel L. Goelzer (202/755-1977).

TREASURY, DEPARTMENT OF

The IRS Chief Counsel's Advisory Committee on Rules of Professional Conduct will hold an open meeting on 5/15/75 at 9:00 a.m. in Room 3313, Internal Revenue Building, 1111 Constitution Ave., NW, Washington, D.C. Included on the agenda are various topics concerning the rules of professional conduct governing tax practice with particular emphasis on problems generated by representation of taxpayers by former IRS employees. Time permitting, interested parties may make oral statements or file written statements by contacting the Committee Manager, 202/964-6703.

The Comptroller of the Currency has amended the regulations governing statements of business interests of directors and principal officers of national banks (see 4/17/75 Fed. Reg., p. 17135). The amendment eliminates the reporting of direct transactions between reporting persons or their business enterprises and the bank, clarifies the exemption for "insignificant" transactions, eliminates the requirement for annual review, and extends the date for filing statements to 7/1/75.

Legislation to require every person who prepared 25 or more tax returns for a fee to obtain a license from the IRS has been introduced by Sen. Ribicoff (D-Conn.). The bill (S. 1401), entitled the "Taxpayers Protection Act of 1975," is similar to legislation he sponsored in 1973 and would specifically exempt attorneys, CPAs, LPAs, and enrolled agents "because they have already met strict professional and ethical standards." The bill also contains advertising restrictions and record retention requirements "similar to those already placed on attorneys and accountants." The Senator's remarks and a reprint of the bill appear in the 4/10/75 Cong. Record, p. S5789.

In an effort to reverse the effect of the Supreme Court holding in U.S. v. Biscaglia, Sen. Cranston (D-Ca.) has introduced his "Right to Financial Privacy Act." In that case, the Court upheld an administrative summons ordering a bank to produce records of all customers who had made large deposits during the month on the chance that one such person may have avoided paying taxes. The summons did not contain the taxpayer's name, the type of tax, or the taxable period. Mr. Cranston's bill (S. 1343) would forbid disclosure of information unless the customer has authorized such disclosure or the disclosure was made in response to a court order, summons, or judicial or administrative subpoena.

Hearings on Federal tax return privacy will be conducted today by the Senate Finance Subcommittee on Administration of the Internal Revenue Code. In announcing the hearings, Chmn. Haskell (D-Colo.) stated that the Subcommittee will also explore the related issue of publication of private letter rulings by the IRS. Commissioner Alexander and other Administration witnesses are scheduled for today and additional hearings will be held later to give all interested parties a chance to testify. Those interested in filing statements should contact Michael Stern, Staff Director, Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510.

A procedure setting forth guidelines in granting permission to taxpayers changing to the full absorption method of inventory costing has been announced (TIR-1358, 4/2/75). The purpose is to set forth procedures to be used by the IRS in granting consent to taxpayers to change to the full absorption method of inventory costing whether or not such taxpayers have or will elect to use the LIFO inventory method. Rev. Proc. 75-22 also sets forth procedures that the Service will use in the examination of returns involving related matters.

In another information release, TIR-1359, 4/7/75, the Service announced a further expansion and extension, on a test basis, of Rev. Proc. 74-19 concerning rulings and determination letters. Under this test procedure, Service personnel will, within 15 work days after receipt of a ruling request, contact the taxpayer or his authorized representative to discuss

informally the procedural and substantive issues involved in the request. This further expansion and extension will cover original requests received after 7/1/75. For copies of these releases and/or additional information, contact the Public Affairs Office, 202/964-4021.

SPECIAL: ANOTHER CALL FOR STUDYING REGULATORY AGENCY IMPACT

A comprehensive review and overhaul of government regulatory authority to release "the full dynamism and productivity of American industry, while providing adequate protection for our people and our environment" is needed, the Vice President of the United States recently told a National Association of Manufacturers audience. He prodded the group to work with the U.S. Chamber to study, on an industry by industry basis, the effects of worker morale, capital and technology, and government regulation as these elements affect the industry's capacity to meet the changing needs of people. Vice President Rockefeller indicated that organized labor would be asked to provide a similar analysis.



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